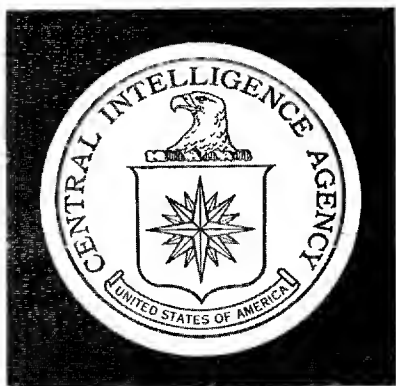


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No. 0153/68
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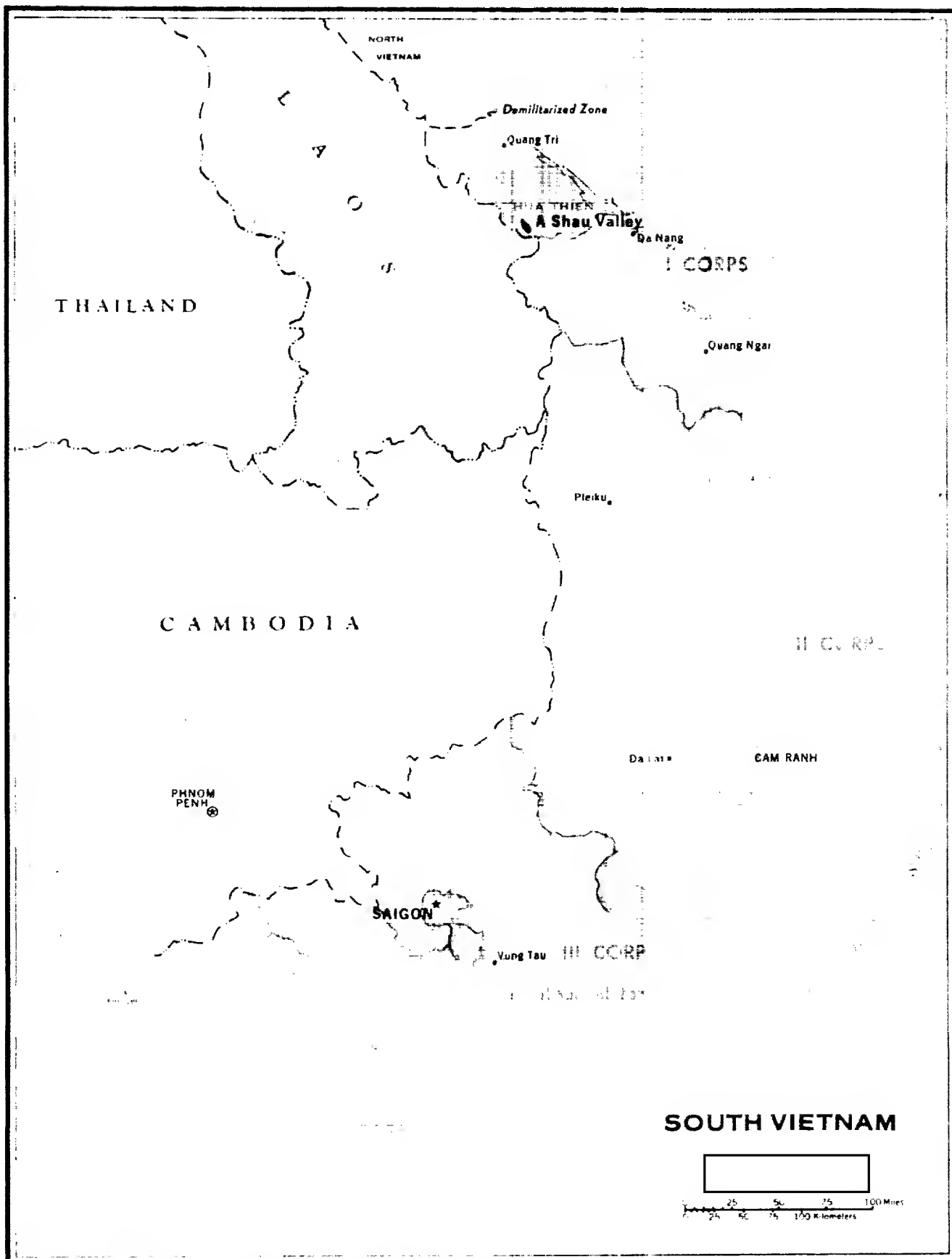
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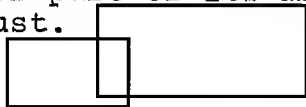
[South Vietnam: Fighting has tapered off in much of the country, but the Communists seem bent on keeping up the pressure in selected areas.

Most Communist attackers in Saigon have been driven back, but strong enemy units on the outskirts of the capital are keeping up the pressure despite heavy casualties.

After a week of heavy fighting in the northern provinces, the enemy seems to be paying more attention to lines of communications, and to smaller allied military outposts. Uncommitted enemy units still pose a threat to major cities and military installations in the area.

Communist documents captured recently in the A Shau Valley give insight into strenuous enemy logistics activities in northern South Vietnam. Notes from the primary North Vietnamese logistics headquarters in the area indicate that a subordinate station operating in Thua Thien Province was ordered to transport "many times" more supplies during 1968 than last year. It was to operate during both the dry and rainy season and accomplish the major part of its mission during June, July, and August.

(Map)]



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[Czechoslovakia: The official Czechoslovak news agency has tardily and somewhat wanly acknowledged reports of Soviet troop movements by asserting that they are part of a Warsaw Pact exercise and that Prague had prior notice.

Some 48 hours after reports first began to circulate that Soviet troops were on the move toward Czechoslovakia, Moscow has still not broken silence. If the Russians were interested in sparing Czech nerves they would have spoken out before now. When it does react, Moscow probably will claim blandly that its troops in Eastern Europe have been engaged in routine Warsaw Pact maneuvers. If this happens, Moscow's explanation will conform with Prague's but the Soviet meaning meanwhile will have been made clear to the Czechoslovaks.

The Poles seem to be engaged in an effort to influence the Czechoslovak leaders to curb their liberals. A 9 May message from the Polish leaders to their Czechoslovak counterparts, although effusive and cordial on the surface, when read against the background of the 7 May Polish protest and of critical Polish press commentaries clearly was reminding Prague of its binding ties with the USSR, Poland, and other Communist states. The Warsaw regime remains clearly nervous about the potential effects of Czechoslovak events on the internal Polish situation.

On the same day delegations from Poland and Czechoslovakia, headed by influential provincial secretary Gierek and secretariat member Indra respectively, issued a resolution in Tesin, Czechoslovakia, which sanctioned the Czechoslovak "democratization process" while warning that the two parties will not allow "anti-socialist" elements to exploit this process. The resolution is probably designed to reassure Prague's allies that the Czechoslovak regime has not lost and will not lose control of the situation.

(continued)

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【Reporting in most other Eastern European media has not reflected the critical situation between Czechoslovakia and the Soviet Union nor has news of Soviet troop movements toward Czechoslovakia been made public. Yugoslavia, Rumania, and Hungary were effusive in their congratulations to Czechoslovakia in honor of its National Day on 9 May. While Bulgaria's congratulations were a shade cooler than in 1967, Bulgarian attendance at the Czechoslovak National Day reception in Sofia was slightly more prestigious than last year's.

Tito has applauded the turn of events in Czechoslovakia from the beginning and neither he nor Rumanian boss Ceausescu would collaborate in whatever measures Moscow might take against Czechoslovakia. On the contrary they are almost certain to exert whatever influence they have to oppose any intervention in Czechoslovak internal affairs. The Yugoslav Foreign Office regards the situation as serious and expects Soviet psychological pressures to continue in various forms.

With the possible exception of Ulbricht and Gomulka, other East European party leaders would not favor Soviet military intervention in Czechoslovakia despite anxieties they may have over the course of Prague's democratization. They undoubtedly recognize that such a course of action on the part of the Soviets would seriously set back their own hard-won independence from Moscow and could unleash irrational nationalist sentiments within their countries against their own regimes.

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Communist China: The disruptive effects of the Cultural Revolution apparently have again intruded into China's military research and development programs.

Nieh Jung-chen, in charge of coordinating China's advanced weapons projects, was the target of giant poster attacks in Peking on 4 May. An official printed notice announced that a mass meeting to criticize "bad leaders" of the National Defense Scientific and Technological Commission, which Nieh heads, was to be held the same day. [Other posters on 21 April had called for the ouster of the "director of national defense scientific research," almost certainly referring to Nieh.]

Nieh, a vice premier and member of the powerful military affairs committee, was publicly defended by Chou En-lai in the face of radical attacks early last year, but was apparently eclipsed in his military scientific roles. Following the abrupt shift to moderate policies last September, Nieh was reaffirmed in all his earlier posts.

Nieh is the fourth of Chou's subordinates to come under attack in the last six weeks. Nevertheless, all four appeared in Peking on 1 and 8 May.

In speeches in January and February, Premier Chou strongly deplored the damage caused by factional fighting to military weapons programs, including missiles. It is evident that the current political thrusts have frustrated Chou's attempts to insulate these programs from damaging political turmoil. Although it is not possible to gauge the effects precisely, it seems probable that the Cultural Revolution is disrupting normal operations in at least some of China's defense-related institutions.



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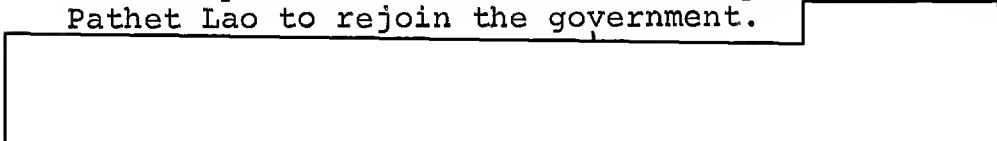
Laos: Prime Minister Souvanna apparently is making an effort to re-establish his standing as a neutralist.

Souvanna has taken advantage of recent opportunities to express his continuing commitment to the neutrality of Laos and to refute charges that he is inextricably tied to the US.

Souvanna has responded favorably to Yugoslav President Tito's invitation to attend a proposed nonaligned nations conference, citing the benefits for Laos' "international image."

Souvanna has also made a small conciliatory gesture toward Hanoi. According to preliminary accounts, Souvanna's National Day speech was moderate in tone and, in sharp contrast to last year's, did not mention North Vietnamese aggression in Laos. The North Vietnamese chargé in Vientiane had indicated earlier that he hoped the speech would avoid the polemical attacks on Hanoi which have punctuated many of Souvanna's utterances.

These steps almost certainly reflect the uneasiness in Vientiane generated by the talks in Paris. Souvanna probably believes that his increasingly close identification with US policy in Indochina over the past several years may be circumscribing his ability to maneuver. He may hope that by re-establishing his neutralist credentials, he can work more effectively in getting North Vietnamese troops withdrawn from Laos and persuading the Pathet Lao to rejoin the government.



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Rumania - Warsaw Pact: The Rumanian Government has recently reaffirmed its intent to remain a member of the Warsaw Pact as long as NATO forces remain in their present form.

This decision was made, [REDACTED]

[REDACTED] after a review by the party presidium of Rumania's role in the pact. Bucharest's exclusion from the Dresden meeting on 23 March at which pact matters were discussed probably prompted the review.

A decision to attempt to become more nearly self-sufficient in arms production and, when necessary, to buy military equipment from non-Russian sources also came out of the presidium meeting. It was also decided that no foreign troops would be stationed in Rumania and no Rumanian troops would be posted abroad.

The Rumanians reportedly have concluded that failure to include them at the Dresden meeting has in effect canceled a joint six-month study of the pact's military structure that they had agreed to at Sofia on 6 March.

Rumania's need for Russian spare parts for its military equipment reportedly contributed to sentiment at the presidium meeting against complete withdrawal from the pact. In accepting and further defining its "semiaactive" role in the pact, Bucharest seems intent on placing the onus on the Russians. This approach, however, may so irritate Moscow and its remaining allies that Rumania could in the future find itself ignored. [REDACTED]

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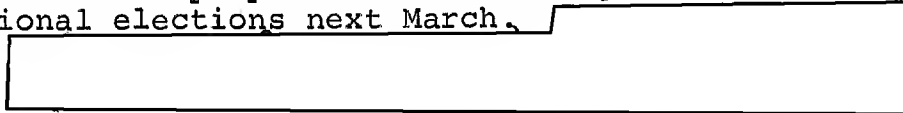
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Chile: Leftist fears of a military coup have enabled President Frei to get congress moving on a controversial wage adjustment bill.

The Communist Party is conducting a strong propaganda campaign aimed at alerting the population to the alleged imminence of a rightist military coup. Rumors are fed by the general uneasiness growing out of the recent wave of labor agitation and changes in the cabinet and the military high command. There is no hard evidence of active military plotting.

Congress is expected to take final action on the long-delayed wage adjustment bill this week, and probably will cooperate with the government in enacting within 90 days a supplemental pay increase for the military and the police. Frei will continue to face strong opposition, however, as the parties step up their maneuvering for the congressional elections next March.



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NOTES

25X1 Argentina: [An army general staff officer says that the army will use its resources to purchase European rather than US equipment during the next three years. The Argentines have already contracted for ☐ French AMX-13 light tanks, and reportedly plan to buy French or Italian artillery and engineer equipment. The US army attaché notes that the purchases conform to the modernization plan recommended by US advisers, except for the sources of equipment.]

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Paraguay: Efforts by reform-minded priests to appeal to youth through sermons on social issues and an ultramodern "Mass a Go-Go" have sparked a reaction from the government. Following the arrest of a student associated with liberal church elements, the Ministry of Interior announced that the government would not tolerate use of the churches by "instruments of international Communism" to incite public disorder and undermine representative democracy.

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